

Changes to the EO1 and Personal Service Contract Processes



Overview

- Pledging to continue good stewardship of scarce tax dollars, Gov. Steve Beshear first introduced the Smart Government Initiative (SGI) in January 2010 to extend and expand efficiency efforts to broad sectors of government to save money and state resources. After a year of exploration and research with the assistance of over 200 state employees, we are ready to begin implementing two of the solutions resulting from SGI on February 7, 2011.

E01 Process

- **One change is in response to concerns voiced by many of you about the current approval process for the procurement of goods and equipment as outlined in an Executive Order issued by Gov. Beshear referred to as E01.**
- **In an effort to make the procurement process as efficient as possible and still maintain a proper level of oversight over state expenditures, Finance will assign to the agencies the review of their own expenditures of less than \$25,000, with some exceptions that we will talk about today.**

PSC Process

- **Another change is intended to ensure Personal Service Contracts (PSCs) are established only when necessary for services that cannot reasonably be performed by any other state agency or university.**
- **More oversight will be provided in the procurement of PSCs through a Letter of Intent Process and a review of RFPs for professional services by FAC.**

Changes to the EO1 Process

- **Threshold changes for all types of requests except for those processes that are managed by FAC.**
- **Approval changes- some types of requests will have other agency approvals before the EO1 document will go to final.**
- **Action status changes- some types of request's action status will automatically change to approved.**



E01- Type of Request

EO1 - 758- 11000000065- 3- Modification- Draft

Action Menu



▼General Information

Requesting Department : Office Of The Controller

Requestor ID : NPJ0100

Short Description : Purchase New Ford Explorer

Type of Request : 9

Vehicles

Procurement Method : Order from Existing Contract

Is this Item a Replacement? : No

What will happen to the replaced item? :

What Document is requested? : Delivery Order (DO)

Vendor : Countryside

Funding Source : Federal

Percentage of Each Funding Source : 100%

Record Date :

Requestor Name : ANNA HAYDON

Requestor Phone Number : 502-564-9641

New or Expanded? : Yes

Cost : \$260.00

Is Cost an Estimate or Actual? : Estimate

If so, Asset Tag# :

If on Contract, Give Contract # :

Program Code :

If Federal, give CFDA Number :

Action :

The type of request field will drive the rules for the process changes so it is imperative that agencies make the correct selection. This field has been changed to a pick list instead of a drop down list.



EO1s > \$0

EO1s regardless of dollar amount :

- Architectural and Engineering PSCs
 - EO1s will route to DECA who will review and apply the final approval. Upon their approval, the EO1 action status changes to approved. KYTC Engineering EO1s will not route to DECA.
- PSCs Exemption Requests from Competitive Bidding
- And PSCs with Start Date Requests
 - All EO1s will route to OPS who will review and apply the final approval. Upon their approval, the EO1 action status changes to approved.

EO1s = > \$1000

EO1s = > \$1000 :

- No changes in current process for:
 - Construction Services
 - Postal Services and Equipment *
 - Printing *
 - Real Property Leases
 - Vehicles *
 - IT Hardware, Software, Services, Maintenance, Task Orders
 - ARRA- Federal Stimulus
- * These types of requests will have an FAC office inserted as the final approver. Upon approval, the action status changes to “pending review” and the EO1 will be placed on the agenda for the weekly meeting.

EO1s = > \$5000

Vehicle repairs and parts = or > \$5,000

- Final approval will be at the agency. Upon final approval at the agency, the action status will change to “pending review” and the EO1 will be placed on the agenda for the weekly meeting.**
- The agency is responsible to review and approve all that are < \$5,000. The action status of EO1s < \$5,000 will change to “approved” upon final approval by the agency.**

EO1s = > \$10,000

Personal Service Contracts

- **EO1s will route to OPS who will review and apply the final approval. Upon their approval, the EO1 action status changes to approved.**
- **The agency is responsible to review and approve all that are < \$10,000. The action status of EO1s < \$10,000 will change to “approved” upon final approval by the agency.**

Types of Requests for = > \$25,000

- Memorandum of Agreement (MOAs)
- Grant Agreements
- University Agreements
- Temp Labor Task Order (Non-IT)
- Other Services, Non-Professional
- Furniture
- Equipment (Not IT)
- Other Goods

EO1s = > \$25,000

- All EO1s = or > \$25,000 for types of requests on the previous slide will follow the current process. Upon final approval at the agency, the action status will change to “pending review” and the EO1 will be placed on the agenda for the weekly meeting.**
- The agency is responsible to review and approve all that are < \$25,000. The action status of EO1s < \$25,000 will change to “approved” upon final approval by the agency.**

Temp Labor Task Order (Non-IT)

- **State Personnel will review and approve all Temp Labor Task Order (Non-IT) = or > \$25,000 annually.**
- **“Purpose and Justification” field must contain the following:**
 - **Description of needed service;**
 - **Estimate contract cost per fiscal year- including anticipated amendments; and**
 - **Length of time required**

Temp Labor Task Order (Non-IT) (cont)

- A separate temp labor task order will be required for each individual **UNLESS** there is a group of individuals being hired to perform the same function and has the same justification. These can be combined on one EO1.
- Attach a spreadsheet containing-
 - Name of Contract Worker
 - Vendor
 - Contract Number
 - Position Description
 - Rate
 - Total Estimated Hours
 - Total Amount
 - Start and End Dates



What if the threshold is under the agency's authority?

- **The agency will be required to have all necessary agency personnel in the approval path.**
- **The agency is still required to have the Cabinet Secretary or designated agency head sign off on the expenditure. An original, signed by the Cabinet Secretary or authorized agency head, must be maintained at the agency level, unless the agency head applies an electronic approval in eMARS.**

What if the threshold is under the agency's authority?

- **FAC will periodically review thru reports all EO1s that will no longer go to the EO1 Review Committee.**
- **The approved EO1 will still be attached to the header of an RQS, regardless of whether the EO1 was approved at the agency level or by the EO1 Review Committee.**

What happens after the EO1 action shows approved?

- The approval of an EO1 document means the items or services have been authorized to begin the procurement process.
- Agencies must procure these items or services according to procurement policies and procedures, administrative regulations, and statutes.
- Special authority requests, delegations and other specific methods of procurement are not approved through this review, except for PSCs. Follow normal request procedures to obtain approval for specific methods of procurement.

Letter of Intent (LOI)

- **EO1 final approval for PSC's < \$10,000 is at the agency level.**
- **Agency shall file an LOI with FAC for PSC's = or > \$10,000.**
- **LOI shall be submitted no less than Two (2) weeks prior to the intended RFP issue date.**

PSC - LOI

- Agency shall use the EO1 document to file the LOI with FAC.
 - Select “Personal Service Contract” from “type of request” drop down list to route to OPS.
 - Select “Architectural & Engineering PSC” to route to DECA.
- Again, the agency is still required to have the Cabinet Secretary or designated agency head sign off on the expenditure. An original, signed by the Cabinet Secretary or authorized agency head, must be maintained at the agency level, unless the agency head applies an electronic approval in eMARS. Records will be audited for compliance.
- LOI will be reviewed and final approval given by FAC.



(LOI) Purpose and Justification

- **“Purpose and Justification” field of LOI must contain the following:**
 - **Description of needed service;**
 - **Briefly explain why service cannot reasonably be provided by a state agency or state university;**
 - **Estimate planned amount of work involved;**
 - **Estimate contract cost per fiscal year- including anticipated amendments; and**
 - **Identify agency contact person, if other than the requestor on the document**

LOI Purpose and Justification

All required information must be included. If additional space is needed, agency shall include additional information in a Word document attached to header. Enter as much information as possible in the “Purpose and Justification” field and add, “Additional information attached at the Header.”



LOI Required Info

▼Purpose and Justification

Purpose and Justification :

A description of needed service;
Briefly explain why the needed service cannot reasonably be provided by an agency of state government or state university;
Estimate the planned amount of work involved;
Estimate the contract cost per fiscal year (including anticipated amendments); and

Purpose and Justification :

An agency contact person for the requested contract if other than the requestor on the EO1.

Competitive Exemption Requests

Competitive Exemption Requests will be reviewed at the same time as the LOI.

Agencies shall enter exemption request information in the “For Agency Use” field of the LOI.

Competitive Exemption Requests include:

- **Sole source;**
- **Not practicable or feasible to bid;**
- **Renewals;**
- **Time and Balance extensions**



Competitive Exemption Requests

Competitive Exemption Requests shall include the following in the “For Agency Use” field:

- Vendor Name
- Contract Service Dates
- Contract Amount per year including anticipated amendments
- **Sole Source** - Justification for the sole source;
- **Not Practicable or Feasible** - Explanation why bidding is not feasible;
- **Renewal** – Current contract number, language from original RFP allowing renewals.
- **Time and Balance Extension** – Explanation why the contract must be extended beyond the original expiration date.



Competitive Exemption Required Info

▼For Agency Use

Extended Description :

Competitive Exemption Requests shall include the following in the "For Agency Use" field:
Vendor Name
Contract Service Dates
Contract Amount per year including anticipated amendments
Sole Source - Justification as to the sole source;

Extended Description :

Not Practicable or Feasible - Explanation why bidding is not feasible;
Renewal : Current contract number, language from original RFP allowing renewals.
Time and Balance Extension : Explanation why the contract must be extended beyond the original expiration date.

Start Date Requests

Start Date Requests will be reviewed at the same time as the LOI.

Agencies shall enter start date request information in the “For Agency Use” field of the LOI

- **Emergency Start Date**
- **Retro-Active Start Date**

Start Date Requests

Requests for Emergency and Retro Active start dates shall include the following:

- **Vendor Name**
- **Contract Service Dates**
- **Contract Amount per year including anticipated amendments**
- **An explanation as to why the vendor was allowed to provide services prior to the contract being filed with the LRC GCRC**

Competitive Exemption and Start Date Disapprovals

If the LOI is approved and the competitive bidding exemption or start date request is not approved, the agency will be notified to modify the EO1 removing the request for competitive exemption or start date request.



Competitive Exemption and Start Date Approvals

- When an agency requested and received approval from FAC for a competitive exemption or start date, when creating the PON2, identify this contract as a sole source, not practicable or feasible, emergency or retroactive start date, renewal or time and balance extensions. This information needs to be the first entry in the “Description of Work to be Performed” field on the PON.

“Description of Work to be Performed”

http://kyemarsnp.state.ky.us/ - AMS Advantage - Windows Internet Explorer

AMS ADVANTAGE

Welcome, Rose Caudle

[Procurement](#) [Accounts Payable](#) [Accounts Receivable](#) [Budget](#) [Cost Accounting](#)

PON2 758 1100000004 1

Document View

- ✓ [Header](#)
- [Vendor](#)
- [Business Type](#)
- [Sub Vendor](#)
- [Accounting Distribution](#)
- [Terms and Conditions](#)
- [Special Instructions](#)
- [Commodity](#)
- [Commodity T & C](#)
- [Accounting](#)
- [Posting](#)
- [Supporting Documents](#)
- ✓ [Proof of Necessity](#)
- [General Information](#)
- [Source of Funds](#)
- [Contract Cost Information](#)
- [Justification](#)
- [Contact Information](#)
- [Document Comments](#)

PON2 - 758- 1100000004- 1- New- Draft

[Load T and C Ship/Bill To Lines](#)

[Select Line](#)

[First](#) [Prev](#) [Go To](#) [Next](#) [Last](#)

▼General Information

Type of Award :

Description of Work to be Performed :

Planned Performance Monitoring Activities :

Request for Proposal (RFP)

- All RFPs for PSCs, including those < \$10,000, shall be submitted to OPS for review before issuance, other than A & E.
- Agencies shall make cost the primary evaluation factor in the awarding of the contract, **whenever appropriate**. The scoring criteria shall be communicated to the prospective offerors in the RFP.
- The procurement type must be changed from the default value of 1 to either 17 for Personal Service Contract or 3 for A & E to route properly.

Request for Proposal (RFP)

- The RFP shall be submitted at least 7 days prior to the intended RFP “let date” (published date), and a “close date” a minimum of 7 calendar days after the “let date”.
- The agency shall enter the approved EO1/LOI document number in the document comments. **DO NOT** attach an EO1 to the RFP header.
- Upon approval by OPS the RFP will be posted to the Vendor Self Service website.

Memorandum of Agreement (MOA)

- **EO1's for MOA's and Grants < \$25,000 will no longer be reviewed by the weekly EO1 committee, but will be reviewed by FAC periodically through reporting.**
- **Final approval for MOA's and Grants < \$25,000 is at the agency level.**
- **EO1 process for MOA's and Grants = or > \$25,000 is unchanged.**





Questions?